

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 167619
ORIGIN NEA-10

INFO OCT-01 ISO-00 /011 R

66011

DRAFTED BY:NEA/RA:DTMORRISON

APPROVED BY:NEA/RA:SEPALMER,JR

-----109044 190346Z /23

R 190155Z JUL 77

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

INFO AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

LIMITED OFFICIAL USE STATE 167619

FOLLOWING REPEAT MANAMA 1219 SENT ACTION SECSTATE INFO
ABU DHABI AMMAN BAGHDAD CAIRO DAMASCUS DOHA JIDDA
KUWAIT MUSCAT SANA TRIPOLI USDOC WASHDC 07 JUNE.

QUOTE: LIMITED OFFICIAL USE MANAMA 1219

E.O. 11652: N/A

TAGS: BEXP, EALR, XF, BA

SUBJECT: ARAB BOYCOTT: POSITIVE CERTIFICATION

REFS: (A) STATE 117172 (B) KUWAIT 2851 (C) DOHA 648

1. SUMMARY: LETTERS OF CREDIT USED BY BAHRAINI BANKS
GRADUALLY CHANGING TO REFLECT ACCEPTANCE OF POSITIVE
CERTIFICATION BUT THE BRITISH ARE SLOWER THAN THE ARABS
TO MAKE THE CHANGE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 167619

2. ALL THE AMERICAN BANKS, THE NATIONAL BANK OF BAHRAIN
AND THE BANK OF BAHRAIN AND KUWAIT, AS WELL AS THE ARAB BANK
HAVE SWITCHED TO "POSITIVE CERTIFICATION" ALONG LINES
CITED REFTEL B, PARA 5. INTERESTINGLY EVEN THESE BANKS
WERE SLOWER THAN THE GOVERNMENT, THE CUSTOMS DIRECTORATE
AND THE CHAMBER OF COMMERCE AND INDUSTRIES WHICH SWITCHED
TO POSITIVE CERTIFICATION IN NOVEMBER/DECEMBER 1976. NEW

AMERICAN MANAGER OF THE NATIONAL BANK OF BAHRAIN (WHICH HANDLES ABOUT THIRTY PERCENT OF THE LOCAL COMMERCIAL BANKING BUSINESS) TELLS US THAT HE LOBBIED WITH THE BAHRAINI BOARD OF DIRECTORS (WHICH HAD EXPRESSED CONCERNS SIMILAR TO THOSE OF KUWAITI DIRECTORS OF THE GULF BANK, REF B) INFORMALLY TO ENDORSE HIS DECISION TO STRIKE OUT NEGATIVE CLAUSES ON BANK'S LETTERS OF CREDIT AND OTHER FORMS AND SUBSTITUTE POSITIVE LANGUAGE. AFTER CHECKING INFORMALLY WITH MINISTRY OF FINANCE, DIRECTORS AGREED TO HIS PROPOSAL AND THERE HAVE BEEN NO PROBLEMS WITH CUSTOMS/BOYCOTT OFFICE AUTHORITIES SINCE THE CHANGE WAS MADE IN FEBRUARY.

3. AS IN DOHA, THE TWO MAJOR HOLDOUTS WHICH HAVE IMPACT ON THE LOCAL BANKING SCENE (ALTHOUGH DECREASINGLY SO) ARE THE BRITISH BANK OF THE MIDDLE EAST AND THE CHARTERED BANK. IF THE DEPT HAS NO OBJECTION, EMBASSY PLANS TO DISCUSS NEGATIVE CERTIFICATION PROBLEMS, UNDER US LAW, WITH BRITISH BANKERS AND POINT OUT THAT OTHER LOCAL BANKS HAVE MADE THE SWITCH TO POSITIVE CERTIFICATIONS SOME MONTHS AGE IN ORDER TO ALIGN THEMSELVES WITH THE NEWEST DIRECTIVES FROM THE GOVERNMENT AND THE CHAMBER OF COMMERCE AND INDUSTRIES. IF THE BRITISH PROVE RECALCITRANT (AND WE SHARE SOME OF THE SUSPICIONS MENTIONED REF C), WE INTEND TO RAISE ISSUE WITH BAHRAIN MONETARY AGENCY AUTHORITIES AS WELL AS MINISTRY OF FINANCE. UNLESS WE HEAR TO THE CONTRARY WE WILL PROCEED ALONG THESE LINES DURING THE NEXT SEVERAL WEEKS.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 167619

4. A RELATED PROBLEM, AS NOTED IN DOHA REFTTEL, IS THAT SOME GOB TENDERS, NOTABLY FROM THE HEALTH AND WORK, POWER AND WATER MINISTRIES, CONTINUE TO USE OUTDATED NEGATIVE CERTIFICATION LANGUAGE. WE INTEND TO DRAW THESE OLD PRACTICES TO THE ATTENTION OF THE MINISTER OF FINANCE FORMALLY AND INFORMALLY TO THE MINISTERS OF HEALTH AND WORKS IN THE HOPE THAT THE FORMER WILL CLARIFY OFFICIALLY TO HIS COLLEAGUES AND THEIR LARGELY BRITISH LEGAL ADVISORS THAT THE LANGUAGE MAY AND IN FACT SHOULD BE CHANGED IN LINE WITH GOB POLICY DECISIONS OF LAST FALL ACCEPTING POSITIVE CERTIFICATION.
CLUVERIUS
UNQUOTE VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BOYCOTTS, LETTERS OF CREDIT, BANKS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE167619
Document Source: CORE
Document Unique ID: 00
Drafter: NEA/RA:DTMORRISON
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770267-1238
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770742/aaaabkdv.tel
Line Count: 107
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2c5e9a67-c288-dd11-92da-001cc4696bcc
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 117172, 77 KUWAIT 2851, 77 DOHA 648
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1817031
Secure: OPEN
Status: NATIVE
Subject: ARAB BOYCOTT: POSITIVE CERTIFICATION
TAGS: BEXP, EALR, XF, BA
To: LONDON
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/2c5e9a67-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009